

## **C.1: GENERAL DESCRIPTION/BACKGROUND**

### **1.1 OVERVIEW**

The Department of Housing and Urban Development, Office of Single Family Asset Management (SFAM) maintains operational and programmatic support for HUD owned (REO) one-to four unit single family properties prior to conveyance to HUD. Key issues experienced by HUD in developing, maintaining and implementing the existing prescribed guidelines as related to preservation and protection costs include, but are not limited to (i) localized market conditions (ii) localized cost of materials, labor and equipment (iii) accuracy and consistency in the over-allowable approval process as defined in Mortgagee Letter 2008-31, 2008 Update of Preservation and Protection Guidelines and Cost Reimbursements (ML 2008-31), when those submitted costs are outside the prescribed perimeters of the cost schedules.

Additionally, the expectation is to replace the prescribed cost schedules associated with ML 2008-31 and utilize a cost estimation tool: (i) for mortgagees in the foreclosure process, (ii) for marketing and management contractors upon conveyance, (iii) for claim auditors and (iv) HUD staff oversight. HUD staff/users are located in Department's National Servicing and Loss Mitigation Center (NSC), the four regional Homeownership Centers (HOC), and Washington, D.C. The geographic areas are listed in Attachment 1.

### **1.2 OBJECTIVE**

Due to recent market and industry conditions significantly affecting the resale and disposition of homes in the **fifty (50) states and territories of the United States**, SFAM seeks to subscribe to a commercial-off-the-shelf (COTS) Cost Estimator with demonstrated industry experience to provide one-to-four unit single family Property Repair and Preservation (maintenance) Cost Estimates and Valuations as a pilot initiative. The Cost Estimator shall have in place an efficient, supportable, reliable and customizable established procedure for obtaining cost associated with the preservation and protection of HUD's single family portfolio. At the conclusion of this pilot, SFAM will determine if this service will assist HUD in resolving concerns related to localized market conditions, localized reasonable and customary costs, consistency in expense approval and the elimination of the prescribed cost reimbursement schedules.

## **C.2: SCOPE OF WORK**

The contractor shall be responsible for the management and administration of the subscription service assigned under the contract, during the pilot and shall furnish the necessary personnel, materials, labor, services (including all transportation that may be needed), equipment, facilities, required computer software and training to produce the work products and to meet the objectives specified herein. Contractor shall also be responsible for the service setup, user training (web-based or on-site), and refresher training as required by the GTR/GTM;

The Contractor shall provide access for HUD and its designees to a web-based service that is customizable to HUD's unique repair and maintenance cost variables and provide cost

estimates and property valuations for the same; and shall allow for end users to accomplish, at a minimum, the following objectives:

2.1 The Contractor shall provide a minimum of 24 User I.D's and passwords with unlimited use.

2.2 The subscription shall provide an on-line information management and reporting system that will provide HUD Users secure real time access to the COTS cost estimator and valuation service currently used in the industry to compare, verify, and/or validate the average costs by various extrinsic indices (i.e., zip code, county, state).

2.3 The subscription shall provide access to credible estimates consistent with industry standards to provide repair, replacement, maintenance or improvement costs on Federal Housing Administration (FHA) insured single family one-to-four unit properties and must contain credible, precise, validated and localized national building cost with real-time communication that is representative of local market costs and conditions.

2.4 The subscription shall estimate and accommodate the unique cost items, the allowable expense elements, as well as the technical and operational requirements of HUD's preservation and protection guidelines as provided in ML 2008-31 and any subsequent development needs.

2.5 The subscription shall allow for HUD's unique property preservation and protection requirements as defined in ML 2008-31, including the ability to input different variables. Each cost estimate shall be saved and stored.

2.6 The subscription service shall be used to validate expenses claimed/requested for specific repair items on FHA-insured single-family properties with real-time regional costs which adds additional controls and insures consistency in the approval process for each property.

2.7 The subscription service shall provide electronic notifications and alerts to inspectors/contractors, oversight groups, and managers when costs estimates are not commensurate with the industry standards and of potential errors in a cost estimate and/or valuation.

2.8 The subscription service shall maintain an online user manual or access to online help.

2.9 The subscription service will also provide a platform for electronic assignment that allows mortgagees, HUD, and inspectors/contractors to send assignments, estimates, photographs and applicable HUD forms via the web-based subscription.

### **C.3 Tasks**

The Contractor shall provide a minimum of 24 user id's and passwords within three (3) business days after date of award.

3.1 The subscription service shall accommodate the HUD unique cost items and allowable expense program elements including the ability to input different variables.

3.2 Contractor shall be responsible for the service setup, user training (web-based or on-site), and refresher training as required by the GTR/GTM.

#### **C.4 Deliverables**

##### **Cost Estimator**

The cost estimator at a minimum shall consider labor, material, equipment, productivity rates, mark-up taxes and customary fees for the specific repair and maintenance work requested. Each cost estimate shall be saved and stored in the on-line library. Each cost estimate shall include the following data elements:

- 4.1 FHA Case Number as the unique identifier
- 4.2 Address of property
- 4.3 Description of repair item(s)
- 4.4 HUD HOC
- 4.5 Name of Requestor
- 4.6 Date of Request
- 4.7 Date of Cost Estimate Update

#### **C.5 POST AWARD MEETING**

**The contractor and its key personnel assigned to the project shall participate in a post award meeting within five (5) business days after the date of award as directed by the Government Technical Representative (GTR).**

#### **C.6 PERIOD OF PERFORMANCE**

**The period of performance is for twelve (12) months after date of award.**

#### **C.7 CONFIDENTIALITY**

The information obtained in this contract is government proprietary and its disclosure to parties outside of HUD is prohibited.

#### **C.8 OWNERSHIP OF WORK PRODUCTS**

All work products, including but not limited to analyses, reports, documents, data collected or developed, and working papers, developed and retrieved from the subscription service for HUD in conjunction with the deliverables in this contract shall become the sole property of HUD, and released to HUD upon request or no later than at expiration of this contract. These documents must be maintained in the Project Library for archived purposes **up to three years unless involved in litigation with an appropriate listing of contents.**